

Republicans' Ex-Im Shutdown: Stories from Southern Business Owners

It has been over two months since House Republicans shut down the Export-Import Bank, despite majority support for the Bank in both the House and Senate. Republicans' decision to shut down the Export-Import Bank on June 30 has cut off critical financing assistance to American businesses across the country. By unilaterally disarming businesses here at home, House Republicans are giving global competitors a significant advantage and, as a result, shipping jobs overseas. Take a look at what Republicans' shutdown of the Bank means for U.S. companies in the South and their ability to create jobs, sell their products, compete in the global marketplace, and strengthen the economy:

Alabama

"Process Equipment, Inc., known around the world as ProcessBarron, designs and manufactures made-in-America materials handling and air handling equipment. Exports represent 5-10% of the company's sales, mostly to Canada, the Caribbean, and Latin America—a multimillion dollar sales impact that equals family-supporting jobs at their facilities and headquarters in Pelham and across northern Alabama. Yes, this mid-size company also has a supply chain: the process relies on a number of small machine shops – many in rural communities – to build spare parts for export. **When their EXIM Bank insurance policy expires on September 1, 2015, they anticipate having to walk away from deals—especially for the replacement parts orders. They have competitors in Europe that will still have access to their own export credit agencies that will be able to scoop up the business and add jobs overseas instead of in Alabama.**"

Arkansas

"Randy Barsalou, who owns BCH Trading Co. in Hot Springs, Ark., said he was in 'disbelief' that Congress was leaving for summer break without a reauthorization vote. **'We use the program daily in tandem with our commercial bank, and it is absolutely vital to our existence given that 100% of our sales are exports,'** he said." [Los Angeles Times, [7/29/15](#)]

Florida

"[Scar Heal, Inc.] has been able to expand its sales to customers in nearly 60 countries—an impressive feat for a small, family-owned company... The ability to offer their customers terms, or time to pay for their products, has been a key selling point for Scar Heal in certain markets, and has helped the company to build trust, as well as its brand overseas. **This expansion of their international business has allowed Scar Heal to add additional employees here in the USA, as well as develop additional products for sale at home and abroad, thus stimulating the economy. Without EXIM's credit insurance, Scar Heal could have to demand cash-in-advance and risk losing their customers to competitors, or take potentially business-devastating risks when sending large shipments overseas.** The lack of EXIM coverage could limit Scar Heal's ability to find new customers if the prospective companies require terms to do business. It could also limit expansion within their current markets when seeking to add additional products and increase marketing activities. This combination could put Scar Heal at a disadvantage vis-à-vis its foreign competitors and hinder its growth potential."

Georgia

“Aventure Aviation’s President Zaheer Faruqi likes to call his company the ‘AutoZone of airplane parts.’ The Georgia company has grown steadily since Zaheer started it 14 years ago, and now exports spare airplane parts of all kinds to airlines around the world. **Today, exports account for 80 percent of sales, and Aventure utilizes the Bank’s insurance for many of them.... The 34-employee Aventure just landed a major contract with COPA, but could not add them to their policy because of the lapse. They are using a private sector insurer now, but the limits are so low for a business the size of Aventure that they may quickly be exceeded.** Such a situation would require Aventure to ask for payment upfront, changing the terms of their relationship with COPA and risking the business. A similar situation will apply to several international accounts, and Aventure fears losing customers entirely once they start finding new relationships in Europe or elsewhere.”

North Carolina

“Verde Wood is a three-employee exporter of American hardwoods located in Carrboro, NC. It sources its product from lumber producers across the eastern United States, from Georgia to New York to Iowa, depending on the species that its customers are buying, and lumber processors in North Carolina are the company’s largest suppliers. **Verde Wood is a 100% export company that utilizes EXIM Bank’s Global Credit Express (GCE) working capital loan program, as well as one of EXIM’s multi-buyer insurance policies. Armed with these tools, owner Mark Hopper has been able to expand into markets around the world, with his biggest bulk of business in China, Turkey, the UK and Vietnam.** Mark turned to EXIM for his GCE loan because private sector banks weren’t interested in providing working capital to an exporter as small as Verde Wood, and Mark needed export credit insurance in case one of his customers didn’t pay after he shipped his hardwoods. **Verde Wood is facing serious repercussions this fall due to the lapse in EXIM Bank’s authority: not only does his insurance policy expire on September 1, 2015, his GCE loan will expire in December 2015. Despite a growing set of customers around the globe Verde Wood already exports on very thin margins, and U.S. hardwood exports are already down 9% this year compared to 2014 according to an industry group. EXIM’s lapse is leaving Verde Wood with few options but to scale back, sending a ripple effect of job loss through the lumber industry, particularly in North Carolina.**”

“Established in 1971, Sturdy Corporation is a family-owned and operated manufacturer and exporter located in Wilmington, North Carolina. Sturdy Corp makes a line of mechanical, electrical, electronic, and software products for the automotive, marine, construction equipment and trucking industries, among others. **The company has utilized EXIM Bank’s single buyer insurance policy for a number of years, successfully growing sales to a European customer. EXIM’s insurance has also allowed Sturdy Corp to expand its line of working capital with its local bank—many U.S. banks require that foreign receivables be insured in order to be considered when calculating a company’s borrowing base.** The company’s success overseas, and future growth, could be at risk when Sturdy Corp’s insurance policy expires in October.”

South Carolina

“Morrison Textile Machinery manufactures indigo-dyeing equipment and other custom machinery for textile and apparel manufacturers around the world. **The company has two deals that it cannot move forward on in countries in Central Asia and North Africa, tough markets where the private sector won’t insure a business the size of Morrison. It’s important to not name the specific countries because Morrison has German and Chinese competitors actively trying to steal the sale, but both were countries where EXIM Bank could fill the private sector gap. Both of Morrison’s German and Chinese competitors have ample access to export credit insurance from their respective governments.**”

Texas

“Ferra Coffee International is an organic coffee roaster specializing in design blends for commercial, restaurant, private label and retail customers. Because of EXIM insurance, as well as other support (such as EXIM’s regular credit analysis of foreign buyers covered by Ferra Coffee’s policy) **EXIM has given the company security and comfort of knowing that the value of the product shipped is securely and legally insured.** 12-employee Ferra Coffee is completely dependent on its ability to sell internationally for growth and survival, according to Ferra Coffee’s owner Susan Jaime. **Due to EXIM Bank’s lapse, not only did Susan have to put major contracts with Chinese buyers on ice, she actually had offers from Chinese companies to buy her business. These suitors noted that a permanent EXIM lapse would eventually erode her ability to compete to the point of forcing her to sell.**”

“[Tyler] Schroeder’s **Texas crop-dusting manufacturer [Air Tractor Inc.] could lose up to one-fourth of its sales after losing the bank’s credit insurance**, he said Wednesday. ‘We’re scrambling now, trying to find a way to facilitate our sales throughout the rest of this year,’ he said...Schroeder added: ‘We can only do this for so long...When it comes to next year’s export season, we don’t know. We don’t have an answer for how we’re going to fill the gap that’s been left by Congress’ blatant disrespect for business, in my opinion.’” [Politico, [7/30/15](#)]

“Rami Touma, president of Houston-based oil equipment exporter CECA Supply & Services, said Ex-Im’s services are critical to his business’s ability to sell products to Algeria, its major source of income... ‘We do not have the ability to just not have \$6 million accessible to us,’ Touma said. ‘So Ex-Im, they put the money in for us, and we pay a fee’...For smaller companies, ‘in any given year, our projects in North Africa represent 30 to 50 percent of their yearly sales,’ he said. **His policy with Ex-Im is locked in for roughly the next year, but if the agency stays dead, CECA would lose 30 to 40 percent of its sales ‘right off the bat.’**” [Politico, [7/30/15](#)]

“Cindy Lewis, president and chief executive of AirBorn Inc., sells her company’s electronics to aerospace corporations that depend on Ex-Im to help sell their final products overseas. **‘Congressional leaders continue to ignore the fact that small and mid-sized firms, like AirBorn, also directly use the Ex-Im Bank to help our expansion into global markets,’** Lewis wrote recently. ‘AirBorn is a mid-sized employee owned company. **Shutting down the Ex-Im Bank greatly limits our ability to continue our growth and job creation.**’” [Chamber of Commerce, [9/15/15](#)]

[Unless otherwise noted, all information comes from the Export-Import Bank]